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ANHYDROUS SODIUM METASILICATE FROM THE UNITED KINGDOM

Determination of the Commission in Investigation No. 731-TA-286 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

COMPLETED

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United States International Trade Commission / Washington, DC 20436

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Note.--Information which would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 731-TA-286 (Preliminary)

ANHYDROUS SODIUM METASILICATE FROM THE UNITED KINGDOM

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from the United Kingdom of anhydrous sodium metasilicate, provided for in item 421.34 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On September 16, 1985, a petition was filed with the Commission and the Department of Commerce by PQ Corp., Valley Forge, PA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of anhydrous sodium metasilicate from the United Kingdom. Accordingly, effective September 16, 1985, the Commission instituted preliminary antidumping investigation No. 731-TA-286 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade

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1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).
2/ Vice Chairman Liebeler dissenting.

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Commission, Washington, DC, and by publishing the notice in the Federal Register of October 2, 1985, (50 F R. 40241). The conference was held in Washington, DC, on October 9, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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VIEWS OF CHAIRWOMAN STERN, COMMISSIONER ECKES,
COMMISSIONER LODWICK, AND COMMISSIONER ROHR

On the basis of the record in Investigation No. 731-TA-286 (Preliminary), we determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of anhydrous sodium metasilicate from the United Kingdom (UK) which are allegedly sold in the United States at less than fair value (LTFV).

The Commission's affirmative decision in this investigation is based on the unused manufacturing capacity of the producer in the UK, the rapid increase of the imports' market penetration during a period of declining market demand, evidence that imports have depressed domestic prices of anhydrous sodium metasilicate, and the substantial increase in inventories of imported anhydrous sodium metasilicate in the United States.

Like product and domestic industry

As a threshold inquiry, the Commission is required to identify the domestic industry to be examined for the purpose of making an assessment of material injury or the threat of material injury. To identify the domestic industry the Commission must first identify the appropriate like product. Section 771(10) of the Tariff Act of 1930 defines "like product" as:

> a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle. 1/

The imported article subject to this investigation is anhydrous sodium metasilicate (ASM). ASM is primarily used in the industrial and institutional detergent industry. It is a source of alkali which is one of the main cleaning components in detergents.

1/ 19 U.S.C. § 1677(10).

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The domestically produced ASM has identical characteristics and equivalent uses with the imported product; it is fungible with the imported product. While other sources of alkali such as sodium metasilicate pentahydrate (SMP), soda ash, caustic soda, and sodium orthosilicate are used in the detergent industry, they differ in numerous important ways from ASM. 2/ We, therefore, conclude that ASM is the only product which is "like . . . the articles subject to [this] investigation." Domestically produced ASM thus constitutes the like product. 3/

Once the "like product" is identified, the Commission then identifies the domestic industry. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" in an antidumping duty investigation as:

> the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product. 4/

Four domestic producers of ASM have been identified. 5/ Together, they constitute all known domestic production of ASM. These ASM producers thus constitute the domestic industry for the purposes of this preliminary investigation.

Condition of the domestic industry

Once the domestic industry is defined, the Commission then determines whether there is a reasonable indication that an industry in the United States

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2/ For a list of the characteristics of these other alkali sources which differ from ASM, see Report of the Commission (Report) at A-2.

3/ Petitioner and respondents both agree that domestic ASM is the like product. Transcript of the conference (Tr.) at 64 (statement of Mr. Johnson); id. at 95 (statement of Mr. Sosnov).

4/ 19 U.S.C. § 1677(4)(A).

5/ PQ Corporation, Diamond Shamrock Chemicals Company, Mayo Products Company, and Stauffer Chemical Company. Report at A-7-A-8.

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is materially injured or threatened with material injury. 6/ In making that determination, the Commission first examines the condition of the domestic industry. In looking at the condition of the domestic industry in this investigation, the Commission considered, among other factors, the output, consumption, production, shipments, capacity utilization, employment, and financial data of the domestic ASM producers. 7/ These factors have all declined during the period under investigation.

At the outset, we note that the size of the ASM market in the United States reportedly peaked in the early to mid-1970s. Since that time, the market has experienced several contractions. A variety of factors are responsible for these subsequent declines, including the reformulation of detergents, the increasing use of liquid detergents, and the requirement for special labeling of household detergents containing ASM. 8/ It is against the backdrop of these market factors that we examine the condition of the industry.

Domestic apparent consumption of ASM in the commercial market declined throughout the period under investigation. Consumption declined by 13 percent from 1982 to 1983, and declined again by 1 percent from 1983 to 1984. In January-August 1985, consumption was 10 percent below that during the corresponding period of 1984. 9/ Similarly, domestic production of ASM declined from 132 million pounds in 1982 to 120 million pounds in 1984, a fall of 9 percent over the 2-year period. In January-August 1985, production

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6/ "Material injury" is defined as "[h]arm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7)(A).
7/ 19 U.S.C. § 1677(7)(C)(iii).
8/ Report at A-7.
9/ Id. at A-6.

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continued to decline, falling by 17 percent from the level of the corresponding period of 1984. 10/

In the 1982-84 period, domestic shipments, as a percent of total shipments to the U.S. market for ASM, declined. This decline continued in 1985. As well, the domestic shipments to the U.S. commercial ASM market dropped from 99.4 percent of total shipments to 95.2 percent. Domestic shipments continued to capture a smaller share of the commercial market in the January-August 1985 period. 11/

Capacity utilization in the domestic industry has also declined. While capacity levels in the domestic industry remained at 205 million pounds per year during 1982-84, capacity utilization dropped from 64 percent to 58 percent during this period. 12/

The number of workers producing ASM for the domestic industry declined from 106 in 1982 to 101 in 1984. Wages paid and total compensation increased each year during 1982-84; however, the productivity of the domestic industry, measured in pounds of ASM per hour worked, has declined since 1983. 13/

Gross income from ASM production declined slightly from 1982 to 1984, and then dropped sharply in the interim period of 1985. 14/ While this financial indicator appeared to remain favorable, other economic indicators showed

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10/ Id. at A-10. These figures were provided in questionnaires submitted to the Commission. This information shows a slightly different trend than published statistics on domestic production of ASM. Id.

11/ Id. at A-21-A-22, Table 11.

12/ Id. at A-11.

13/ Id. at A-14. In addition, a number of temporary layoffs occurred during the period studied in this investigation. Id. at A-15.

14/ Id. at A-17. The domestic industry's ASM operations were profitable during the period of investigation; the ratio of operating income to net sales rose from 1982 to 1983 and declined thereafter, but never fell below 16 percent. It should be noted, however, that high operating ratios are not unusual for this industry. In our previous investigation, Anhydrous Sodium Metasilicate from France, Inv. No. 731-TA-25 (Final), USITC Pub. 1118 at A-24 (1980), operating ratios never fell below 18 percent.

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sharper declines. For instance, net sales of domestically produced ASM declined by 18 percent from $33.3 million to $27.2 million during 1982-84, 15/ and the volume of domestic producers' inventories of ASM increased steadily during that period. 16/

Operating income derived from sales of ASM has declined from $6.5 million in 1982 to $5.3 million in 1984, while the domestic producers' cash flows have similarly declined. 17/ Investment in domestic facilities employed in the production of ASM, valued at cost, increased slightly in the 1982-85 period, 18/ while capital expenditures for these facilities fell. 19/

These conditions lead us to conclude that while the industry does not yet show signs of material injury, the condition of the industry appears to be deteriorating. 20/ 21/

15/ Report at A-15.
16/ Id. at A-13.
17/ Id. at A-15-A-16.
18/ Id. at A-16.
19/ Id. at A-16-A-17.
20/ Chairwoman Stern does not believe it necessary or desirable to make a determination on the question of material injury separate from the consideration of causality. She joins her colleagues by concluding that the domestic industry is experiencing economic problems.
21/ Commissioner Eckes believes that the Commission is to make a finding regarding the question of material injury in each investigation. The Court of International Trade recently held that:

> The Commission must make an affirmative finding only when it finds both (1) present material injury (or threat to or retardation of the establishment of an industry) and (2) that the material injury is 'by reason of' the subject imports. Relief may not be granted when the domestic industry is suffering material injury but not by reason of unfairly traded imports. Nor may relief be granted when there is no material injury, regardless of the presence of dumped or subsidized imports of the product under investigation. In the latter circumstances, the presence of dumped or subsidized imports is irrelevant, because only one of the two necessary criteria has been met, and any analysis of causation of injury would thus be superfluous.

American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1276 (Ct. Int'l Trade 1984) (emphasis supplied), aff'd sub nom., Armco, Inc. v. United States, 760 F.2d 249 (Fed. Cir. 1985).

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Reasonable indication of the threat of material injury

Section 612 of the Tariff and Trade Act of 1984 added a new subparagraph 771(7)(F) which directs the Commission to consider a number of factors in assessing the threat of material injury. 22/ In concluding that there is a reasonable indication that imports of ASM from the UK constitute a threat of material injury to the domestic industry, we find that the threat is real and injury is imminent. Our finding is not based upon a mere possibility that injury might occur at some remote future date. 23/

In analyzing these factors, we first looked to the existing unused capacity in the UK which is likely to result in a significant increase in

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22/ The factors which are relevant to this investigation include:

> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
> (V) any substantial increase in inventories of the merchandise in the United States,
> (VI) the presence of under utilized capacity for producing the merchandise in the exporting country,
> (VII) any other demonstrable adverse trends that indicate the probability that the importation . . . of the merchandise . . . will be the cause of actual injury . . . .

19 U.S.C. § 1677(7)(F)(i). We note that the statute does not limit our consideration to the listed factors but requires that at least those be considered.

23/ See S. Rep. No. 249, 96th Cong., 1st Sess. 89 (1979). We note that the Tariff and Trade Act of 1984 codified Commission practice with regard to determining the requisite level of the "threat" by stating:

> Any determination by the Commission under this subtitle that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition.

19 U.S.C. § 1677(7)(F)(ii).

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imports of ASM to the United States. The UK producer, Joseph Crosfield & Son, Ltd. (Crosfield), has significant underutilized capacity at the present time. 24/

We then considered various indicators which evidence a rapid increase in penetration of the U.S. market by the UK imports. Imports of ASM from the UK increased in each year in the period from 1982 to 1984 at a time when market demand was falling. 25/ In addition, these imports also increased in January-August 1985, as compared with the corresponding period in 1984. 26/ Further, imports from the UK are currently the leading source of imports of ASM to the United States. 27/

The increase in imports from the UK is having an impact on the domestic industry. While the share of domestic shipments in the commercial market declined, the commercial market share held by imports from the UK increased continuously over these periods. The total market share held by the UK imports, in both the commercial and captive markets, also increased. 28/

The Commission also examined the variations of ASM prices since Crosfield's entry into the U.S. market. Prices of ASM have generally declined at least since 1983. Demand for ASM has been falling, while the supply of ASM

24/ Report at A-9. Crosfield argued that its hydrothermal technology enables it to use short production runs and that, therefore, it has no excess production to export to the United States. Tr. at 71 (statement of Mr. Johnson). Although it may be true that Crosfield does not suffer the same economic penalties as would U.S. producers when shutting down ASM production, Crosfield still has an economic incentive to maximize capacity utilization--as does any producer in any industry. The Commission has found no indication in this preliminary investigation that such an economic incentive does not exist for Crosfield.

25/ Crosfield first entered the U.S. market in 1983. Tr. at 75 (statement of Mr. Bilicki).

26/ Report at A-20.

27/ Id.

28/ Id. at A-21-A-22.

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has remained high. 29/ In addition to the market factors which have contributed to this condition, 30/ ASM imports from the UK have generally undersold domestically produced ASM in the 1983-85 period. Prices of ASM imported from the UK, except for ASM which is sold in the western region, have been lower than domestically produced ASM in most quarters during this period. 31/ 32/ Some U.S. purchasers said that UK imports of ASM helped suppress ASM prices. Other purchasers, however, could only state that imported ASM helped to drive down prices. Nevertheless, the Commission was able to confirm that revenues have been lost to the UK imports based upon price 33/ and time of delivery. 34/

We also examined whether there has been a substantial increase in the inventories of imported ASM. The volume of inventories in the United States of imported ASM from the UK increased from 1982 to 1984. In 1985, those inventory levels rose dramatically. 35/

Conclusion

Based on the foregoing discussion and the information available to the Commission at this time, we determine that there is a reasonable indication

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29/ Id. at A-23.
30/ Id.
31/ Id. at A-24. Extra shipping costs for imports sent to the western region appear to have contributed to the higher prices for the UK ASM.
32/ Because of the limited statutory time deadlines imposed on a preliminary investigation, the Commission was only able to gather useable pricing data from two of the four domestic producers. Should this investigation return for a final investigation, we will attempt to gather more detailed pricing information from the domestic producers as well as from the importers.
33/ Chairwoman Stern notes that in any final investigation, she will further explore the role in the U.S. market of ASM imports from other countries. Since ASM is a price sensitive commodity, the Commission must attempt to establish which of the many players in the ASM market is the price leader.
34/ Report at A-23.
35/ Id. at A-20.

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that the domestic industry producing ASM is threatened with material injury by reason of imports of ASM from the UK, which are allegedly being sold in the United States at less than fair value.

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DISSENTING VIEWS OF VICE CHAIRMAN LIEBELER

Based on the record in Investigation No. 731-TA-286 (Preliminary), I determine that there is no reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of imports of anhydrous sodium metasilicate (ASM) from the United Kingdom (U.K.) which are allegedly being sold at less than fair value (LTFV).[1]

ASM is primarily used in the institutional detergent industry as a source of alkali. In this investigation there are no difficult questions regarding the definitions of the like product, the domestic industry, or cumulation. Both petitioners and respondents agree that ASM should be defined as the like product,[2] and I see no reason to disagree with their proposed definition. Consequently, the domestic industry is composed of the domestic producers of ASM. Both petitioners and respondents

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[1]Material retardation is not an issue in this investigation.

[2]Conference transcript at 64 and 95.

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agree that theirs is a national industry for ASM.[3] The national distribution of both domestically produced and imported ASM supports this conclusion.[4] Finally, there is no cumulation of imports in the current investigation as there are no imports of ASM from countries besides the U.K. currently under investigation.

I. Material Injury

In order for a domestic industry to prevail in a preliminary investigation the Commission must determine that the allegedly dumped imports cause or threaten to cause injury to the domestic industry producing the like product. This analysis is usually recognized to be a two-step procedure. First, the Commission must determine whether the domestic industry producing the like product is suffering or is threatened with material injury Second, the Commission must determine whether any injury is by

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[3] Id. at 66 and 95-96.

[4] See, e.g., Report of the Commission (Report) at A-24-A-27, staff memorandum dated Oct. 24, 1985.

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reason of the allegedly dumped imports. Only if the Commission answers both questions in the affirmative will it make an affirmative determination in the investigation.

Much of the relevant data are confidential. The available data show that domestic production of ASM has declined each year since 1982, and in interim 1985 compared with interim 1984.[5] In addition, domestic shipments, whether measured by quantity or value, fell in each reporting period.[6] My determination, however, is based in large part on the financial data. The financial ratios for the four firms producing ASM in the United States all show positive operating income.[7] The resulting financial ratios of gross income and operating income to net sales were positive in all reporting periods. In addition, these ratios are relatively constant over time and would appear to be large. For example, the income and loss experience of the four producers of ASM on their operations producing ASM show a ratio

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[5]Report at A-11, Table A-4.

[6]Id. at A-12, Table 5.

[7]Id. at A-16, table 7.

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of operating income to net sales of 17.6 percent in interim 1985, as compared with 19.6 percent in 1982.[8] On their overall operations, these figures are 24.8 percent for 1982 and 25.9 percent in interim 1985, up from 21.5 percent in interim 1984.[9] Furthermore, capital expenditures were higher in interim 1985 than in interim 1984.[10]

On the basis of the evidence in this investigation, I determine that there is no reasonable indication that the domestic industry producing ASM is either experiencing material injury or is threatened with material injury.

II. Causation

My determination that the domestic industry producing ASM is neither injured nor threatened with injury is sufficient for a negative determination. In this section of my opinion, however, I set forth

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[8] Id. at A-17, table 8.

[9] Id. at A-16, table 7.

[10] Id. at A-16-A-18.

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my reasons for finding no causal connection between the allegedly LTFV imports and the condition of the domestic industry, assuming for the sake of the argument, that the domestic industry is injured or threatened with injury.

In Certain Red Raspberries from Canada, I set forth a framework for examining causation in Title VII investigations:[11]

> The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers (low elasticity of supply of other imports).[12]

These factors, when viewed together, serve as proxies for the inquiry that Congress has directed the Commission to undertake: whether foreign firms are engaging in unfair price discrimination practices that cause material injury to a domestic industry.[13]

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[11]Inv. No. 731-TA-196 (Final), USITC Pub. 1680, (1985) Additional Views of Vice Chairman Liebeler.

[12]Inv. No. 731-TA-196 (Final), USITC Pub. 1680, (1985) Additional Views of Vice Chairman Liebeler at 16.

[13]Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

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The starting point for the five factor approach is import penetration data. This factor is relevant because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. Much of the important penetration data in the current investigation is confidential. It can, however, be said that imports of ASM from the U.K. as a share of domestic consumption have increased, but still constitute only a small portion of the domestic market.

The second factor is a high margin of dumping. The margin of dumping is determined by the Department of Commerce, but only after the Commission has made an affirmative determination in the preliminary investigation. Consequently, no computed margins are currently available. Because title VII requires my determination in a preliminary investigation to be based on the best available evidence, I have been using the margins alleged by petitioners in preliminary investigations.[14] The higher the

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[14] See, e.g., Certain Steel Wire Nails from the People's
(Footnote continued to page 19)

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margin of dumping, cetaris paribus, the more likely it is that the product is being sold below marginal cost, which is a requirement for predatory pricing. Petitioners have alleged LTFV margins between 100 and 140 percent, which would be quite large.

The third factor is the homogeneity of the products. The more homogeneous are the products, the greater will be the effect of any allegedly unfair practice on domestic producers. Petitioner has alleged that ASM is a fungible product.[15] Respondents have not disputed this allegation, which does appear to be correct. Thus, I conclude that ASM is a fungible good.

The fourth factor is declining domestic prices. Evidence of declining domestic prices, cetaris parabis, might indicate that domestic producers were lowering their prices to maintain market share. The evidence available at this stage of the investigation

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(Footnote continued from page 18)
Republic of China, Poland, and Yugoslavia, Inv. Nos. 731-TA-266-268 (preliminary), USITC Pub. No. 1730, 22 (1985) (Views of Vice Chairman Liebeler).

[15]Petitioner's postconference brief at 5.

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would indicate that the price of ASM has been declining over the period of the investigation.[16]

The fifth factor is barriers to entry. The presence of barriers to entry makes it more likely that a producer can gain market power. No such barriers exist in this case. The United Kingdom accounted for only a portion of total imports of ASM.[17]

The determination must be made on a case by case basis. Two of the factors in the instant case favor an affirmative determination: high dumping margins and homogeneous products. Data with respect to the domestic price declines favors the domestic industry but is insufficient to overcome the small market share held by the U.K. and the significant competition from other imports. These last two factors are the most important in any discussion of market power and the ability to engage in unfair price discrimination. I conclude that there is

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[16]Report at A-23-A-27, tables 12-15.

[17]Id. at A-21, table 10.

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no reasonable indication that imports of ASM from the U.K. allegedly being sold at less than fair value cause or threaten to cause material injury to the domestic industry.

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INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On September 16, 1985, the U.S. International Trade Commission and the U.S. Department of Commerce received petitions filed by counsel on behalf of PQ Corp., Valley Forge, PA, alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from the United Kingdom of anhydrous sodium metasilicate (ASM), provided for in item 421.34 of the Tariff Schedules of the United States (TSUS), which are alleged to be sold in the United States at less than fair value. Accordingly, the Commission instituted preliminary antidumping investigation No. 731-TA-286 under section 733(a) of the Tariff Act of 1930 1/ to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the importation of such merchandise.

On October 7, 1985, the U.S. Department of Commerce initiated an antidumping investigation to determine whether the subject merchandise is sold in the United States at less than fair value.

Notice of the institution of the Commission's investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of October 2, 1985 (50 F.R. 40241). 2/ In connection with the Commission's investigation, a conference was held in Washington, DC, on October 9, 1985. 3/ The Commission voted on this investigation on October 25, 1985, and transmitted its determination to the Department of Commerce on October 31, 1985.

Previous Commission Investigations

In December 1980, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of ASM from France which the Department of Commerce had determined was being, or was likely to be, sold at less than fair value. 4/ As a result, Commerce issued an antidumping order covering such imports. 5/ This order is still in effect today.

1/ 19 U.S.C. § 1673b(a).

2/ A copy of the Commission's notice of institution is presented in app. A.

3/ A list of witnesses appearing at the conference is presented in app. B.

4/ Anhydrous Sodium Metasilicate from France (Investigation No. 731-TA-25 (F)), USITC Publication 1118, December 1980, p. 1.

5/ 46 F.R. 1667 (Jan. 7, 1981).

The Product

Description and uses

ASM, which is used primarily in the detergent industry, is one of several sodium silicates produced and used commercially. Sodium silicates may be noncrystalline solids or integral mixtures of compounds; however, ASM, the subject of this investigation, is a definite crystalline chemical compound having the chemical formula Na_2SiO_3. Another sodium metasilicate product that is produced for commercial use is called sodium metasilicate pentahydrate (SMP). SMP is similar to ASM but contains five molecules of water, and so has the chemical formula $Na_2SiO_35H_20$. SMP is not a subject of this investigation. 1/

The largest single use for soluble silicates, including ASM, is as a "builder" for detergents. Such silicates provide a source of alkali, one of the main cleaning components in a detergent. Other sources of alkali that are used include soda ash, caustic soda, and sodium orthosilicate. All of these chemicals are less expensive per pound of alkali (expressed in terms of Na_2O content) than sodium metasilicate. Detergent manufacturers are therefore willing to pay a premium to obtain additional properties present with sodium metasilicates, whether ASM or SMP. These properties include better wetting ability, better neutralization of acidic soils, better saponification (the process of reacting alkali with fats to form a soap), increased emulsification (the ability to form and maintain a stable emulsion), superior deflocculation (the ability to disperse aggregates formed during the washing process), optimum sudsing action, prevention of soil redeposition, uniform buffering (the ability of a solution to resist changes in acidity, which is expressed as units of pH), and corrosion inhibition of the metal parts in both process equipment and household washers.

Once a detergent manufacturer decides to use sodium metasilicate, its form is determined on the basis of such factors as--

1. The type of work being processed (metal cleaning, concrete cleaning, industrial uniforms or delicate fabrics).
2. The amount and type of soil involved.
3. Water hardness (mineral content) and water temperature.
4. The washing equipment to be used; e.g., will the detergent be mopped on a floor or agitated in a large industrial washing machine.

If all properties were the same for ASM and SMP, the detergent manufacturer would probably choose ASM because it is less expensive per pound of alkali. ASM contains almost twice as much alkali per pound as SMP, and, since it contains no water, the transportation cost per pound of alkali is

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1/ In investigation No. 731-TA-25 (F) the Commission determined that ". . . ASM and SMP are different products and that the appropriate domestic industry produces only ASM," p. 4. In the instant investigation, no party asserted that SMP should be considered a product "like" imported ASM.

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significantly less than the cost for SMP. In the laundry industry two other criteria are evaluated when deciding which form of sodium metasilicate to use: product cleaning and product damage. ASM is superior in product cleaning because of the higher Na_2O and SiO_2 content; SMP is less damaging to fabrics.

ASM is used principally in industrial and institutional detergents. PQ Corp., for example, sent over * * * percent of its domestic shipments of ASM to the industrial and institutional market during January 1982-August 1985. The following tabulation presents PQ Corp.'s share of total domestic shipments to the industrial and institutional detergent market, the household detergent market, and other markets (in percent):

* * * * * * *

Manufacturing process

Sodium silicate products are manufactured by fusing silica (sand) and sodium carbonate (soda ash) at high temperatures in large tank furnaces similar to those used for glassmaking. The particular type of sodium silicate produced is determined by the ratio of sand to soda ash charged in the furnace. The sand and soda ash required for the manufacture of the soluble silicate must be very pure. In order to prevent damage to the furnaces from alternating heating and cooling periods, the furnaces must be operated continuously, 24 hours a day, 7 days a week.

Each of the four domestic producers of ASM uses a different production process. PQ Corp., the petitioner, uses a rotary dryer system. In this process, * * *.

* * * * * * *

Figure 1 (supplied by PQ Corp.) shows the basic flow patterns for the raw materials and the finished product.

Figure 1.--Anhydrous sodium metasilicate bead process diagram

* * * * * * *

Diamond Shamrock Chemical Co. * * *.

* * * * * * *

While both PQ and Diamond Shamrock * * *, Stauffer Chemical Co. and Mayo Products Co. * * *.

* * * * * * *

Currently, all of the major U.S. producers of ASM are producing the chemical in a beaded form. The beading of the material lessens the amount of dust that develops in the handling of ASM. Although the methods of producing ASM differ, the output of all four producers is commercially interchangeable.

Joseph Crosfield & Son, Ltd., reportedly uses a "hydrothermal" process to produce the liquid silicate feed stock for manufacturing ASM. Although technical information on the process is not available, in general terms, sand and alkali are mixed in a reactor vessel, and heat and pressure are applied. 1/ The raw materials are converted into an alkaline silicate liquor from which ASM can be produced * * *. Unlike the furnaces operated by domestic producers, the hydrothermal process does not have to function continuously. It can be shut down frequently without economic penalty. Further, it operates at lower temperatures, requiring less energy than conventional furnaces; it is automated, reducing labor costs; and it requires less capital investment than do furnaces. 2/

U.S. tariff treatment

The ASM covered by this investigation is included with other sodium silicates in TSUS item 421.34, and is subject to a most-favored-nation (MFN) (column 1) 3/ rate of duty of 1.1 percent ad valorem. This rate of duty has been in effect since January 1, 1980. Prior to this date the rate was 0.15 cents per pound. The current rate is not projected to change.

Nature and Extent of Alleged Sales at Less Than Fair Value

The petitioner alleged that ASM from the United Kingdom is being sold in the United States at prices reflecting dumping margins of between 100 and 140 percent. 4/

1/ The use of pressure and temperature to convert sand in the presence of a caustic solution to an aqueous liquid silicate dates back to the early nineteenth century. R.E. Kirk and D.F. Othmer, Encyclopedia of Chemical Technology, New York, NY, 1954, vol. 12, p. 303.

2/ Transcript of the conference, pp. 74, 93-94. Letter from counsel for Joseph Crosfield & Son, Ltd., Oct. 15, 1985, pp. 2-4.

3/ The rates of duty in the column numbered 1 are MFN rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries eligible for MFN treatment. However, MFN rates would not apply if preferential tariff treatment is sought and granted to products of developing countries under the Generalized System of Preferences (GSP) or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the Special rates of duty column.

4/ Petition, p. 12.

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The Domestic Market

Apparent U.S. consumption 1/

All of the U.S. producers of ASM transfer a portion of their production to related companies for use in other manufacturing processes. This captive consumption can be analyzed separately from consumption of ASM in the commercial market.

Apparent U.S. consumption of ASM in the commercial market declined by 13 percent from 1982 to 1983 and declined again by 1 percent from 1983 to 1984 (table 1). During January-August 1985, consumption was 10 percent below that during the corresponding period of 1984. Captive consumption increased from 1982 to 1984, climbing by * * * percent over the period, and then declined by * * * percent from January-August 1984 to January-August 1985. 2/

Channels of distribution

In 1984, 74 percent of U.S. producers' domestic shipments were to unrelated end users, usually firms engaged in the compounding of detergents. Twenty-six percent of domestic shipments were to unrelated distributors. 3/ Shipments are made in either bulk quantities (usually in railroad cars or 2,000 pound bags) or in smaller quantities (usually in 100-pound bags). Whether sold in bulk or bag, producers generally will not sell less than a "truckload" in total quantity (usually about 20,000 pounds). 4/ Producers

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1/ Apparent U.S. consumption as presented in this section is calculated by adding domestic shipments of U.S. production to estimated U.S. imports. The methodology used to estimate U.S. imports is presented in app. C. For purposes of calculating apparent consumption, estimated imports are adjusted to account for inventories of imports reported to the Commission via importers' questionnaires. Thus, if inventories declined from the end of 1983 to the end of 1984, the amount of that decline would be added to the amount of imports. Similarly, if inventories increased, the amount of that increase would be subtracted from the amount of imports. This adjustment can only be made for those inventories for which information is available--inventories of imports from the country covered by this investigation. Estimated data on imports from other countries are not adjusted, which in effect operates as an assumption that inventories of imports from those countries do not change from year to year. The intent of this adjustment is to more accurately portray the amount of imports that actually entered the marketplace, rather than the amount that simply entered into the United States.

2/ Data on captive consumption of imports includes only captive consumption of imports from the United Kingdom, as reported in Commission questionnaires. Captive consumption of imports from countries not covered by this investigation probably exists, but data on such consumption are not available.

3/ Information on the distribution of domestic shipments of U.S. producers discussed above does not include intracompany or intercompany transfers. In 1984, * * * percent of U.S. producers' total shipments went to related firms in such transfers.

4/ A standard truckload in the industry is usually 40,000 pounds, but truckload pricing is offered at quantities of 20,000 pounds. Transcript of the conference, p. 20.

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Table 1.--Anhydrous sodium metasilicate: U.S. imports, producers' domestic shipments, 1/ and apparent U.S. consumption, by markets, 1982-84, January-August 1984, and January-August 1985

(In thousands of pounds)

Item	1982	1983	1984	January-August--	
				1984	1985
Commercial market:					
Imports 2/	721	2,509	4,949	3,306	5,514
U.S. producers' domestic shipments	119,630	102,228	98,537	64,075	55,200
Total	120,351	104,737	103,486	67,381	60,714
Captive market:					
Imports 3/	***	***	***	***	***
U.S. producers' domestic shipments	***	***	***	***	***
Total	***	***	***	***	***
Total:					
Imports 2/	***	***	***	***	***
U.S. producers' domestic shipments	***	***	***	***	***
Total	***	***	***	***	***

1/ Includes shipments of 4 U.S. producers accounting for 100 percent of U.S. production. Data for 1 producer are estimated in the interim periods.

2/ Estimated import statistics are adjusted to account for known inventories of imports.

3/ Includes only captive consumption of imports from the United Kingdom as reported in Commission questionnaires. Captive consumption of imports from countries not covered by this investigation probably exists, but data on such consumption are not available.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and official statistics of the U.S. Department of Commerce.

ship a portion of their ASM to distributors that serve end users requiring less than truckload quantities. 1/

In investigation No. 731-TA-25 (F), U.S. producers reportedly engaged in a practice of product sharing. If, for example, producer A sold ASM to a customer located close to producer B, producer B would ship its ASM to the customer, and producer A would provide reimbursement by reciprocating for a nearby customer of producer B. 2/ One U.S. producer indicated that it continues to participate in this practice to a limited extent. The other three producers denied participating in the practice, though one of these stated that it would provide nonroutine support for the practice.

1/ Conversations with * * * and * * *, Sept. 26, 1985.

2/ Anhydrous Sodium Metasilicate from France (Investigation No. 731-TA-25 (F)), USITC Publication 1118, December 1980, p. A-6.

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Freight equalization is practiced in the industry, enabling customers to purchase from distant producers in lieu of closer ones without being penalized by freight costs. In this practice, the selling producer pays the freight to the point of the plant of the producer nearest the customer, and the customer pays the balance. 1/

Importers of ASM from the United Kingdom that sell in the commercial market ship all of their ASM to * * *. Virtually all importers' shipments are in 100-pound bags. According to Lidochem, Inc., the principal importer of ASM from the United Kingdom, * * *. 2/ Importers tend to be flexible in their shipment techniques; Lidochem, for example, offers mixed truckloads of a variety of compounding chemicals including ASM. 3/

Market factors

The market for ASM reportedly peaked in the early-to-mid 1970's, after experiencing growth of about 3 percent per year, and then began to decline. The decline lasted until about 2 years ago, when the market leveled off. 4/ A variety of factors caused the decline, the most important being a reformulation of detergents which resulted in lower use of ASM. Other substances, such as soda ash and caustic beads, were substituted for ASM to provide a lower cost source of alkali in dry detergents. 5/ The increasing use of liquid detergents that do not include ASM as a component also aggravated the ASM market. 6/ Federal regulations requiring special labeling of household detergents containing sodium metasilicates eliminated ASM from the household market. 7/ In addition, one U.S. producer, Mayo Products Co., reported that * * *. 8/

Industry sources predict that the soap and detergent market will grow by 7 percent per year until 1990. Machine dishwashing products are the fastest growing segment of the detergent market. Although this fact may bode well for ASM producers, liquid products now account for 23 percent of the laundry detergent market and will reach 26 percent within the next 10 years. 9/

The U.S. Industry

Four firms in the United States produce ASM. The shares of U.S. production and apparent U.S. consumption accounted for by each U.S. producer are presented in table 2. PQ Corp., the petitioner, has its headquarters in Valley Forge, PA, and produces ASM as well as other products at plants in South Gate, CA, and Utica, IL. The firm's ASM operations in Rahway, NJ, were

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1/ Conversations with * * *, Sept. 30, 1985, and * * *, Sept. 26, 1985.
2/ Conversation with * * *, Sept. 30, 1985.
3/ Transcript of the conference, p. 83.
4/ Conversations with * * * and * * *, Sept. 26, 1985.
5/ Transcript of the conference, p. 23.
6/ Conversations with * * *, * * *, and * * *, Sept. 26, 1985, and * * *. Transcript of the conference, pp. 54-55.
7/ Transcript of the conference, p. 23.
8/ Conversation with * * *, Sept. 26, 1985.
9/ Soap/Cosmetics/Chemical Specialties, March 1985, p. 74.

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Table 2.--Anhydrous sodium metasilicate: U.S. producers' shares of U.S. production and apparent U.S. consumption, by firms and markets, 1982-84, January-August 1984, and January-August 1985

* * * * * * *

shut down in September 1981, reportedly owing to market share irretrievably lost to LTFV sales of French imports. PQ Corp. was * * *. The firm has manufactured silicates since 1831, 1/ and, in addition to ASM, it is now a major producer of SMP, a variety of other sodium silicate products, and zeolite. 2/ In 1981, PQ Corp. sold off its cleansing chemicals division 3/ and, from January 1982 to August 1985, * * *. PQ is a privately held corporation that has * * *.

Diamond Shamrock Chemicals Co. was * * *. It produces ASM and other products at its plant in Dallas, TX. The company is a subsidiary of Diamond Shamrock Corp., which also has components involved in exploration for energy sources, petroleum refining and marketing, and coal production. In Diamond Shamrock's annual report, the chemical company is reported to "have the competitive advantage of efficiency through the industry's most modern technology. . . . Our Chemical Company by itself would rank among the 'Fortune 500' group of companies." The firm also is "the nation's third largest merchant of. . . caustic soda." 4/ The firm is vertically integrated; from January 1982 to August 1985 intracompany and intercompany transfers accounted for an average of * * * percent of total shipments each year.

Mayo Products Co. produces ASM and other products at a plant in Mableton, GA. It was * * *. The firm is a subsidiary of the Pennwalt Corp. of Philadelphia, PA. Pennwalt manufactures a variety of chemical products, including pharmaceuticals, and equipment. * * *. 5/ * * *.

Stauffer Chemical Co. is a publicly owned corporation that produces agricultural, chemical, and plastic products. Headquartered in Westport, CT, the firm produces ASM at a plant in Joliet, IL. It was * * *. In March 1985, Chesebrough-Ponds, Inc., acquired the firm. Stauffer's annual report states that it "continued to broaden its customer base for silicates. . . . Sales growth has been difficult to achieve in the face of rising import competition resulting from the strong U.S. dollar." 6/ * * *.

U.S. Importers

Three firms imported ASM from the United Kingdom during the period under investigation. Lidochem, Inc., of Aberdeen, NJ, is the principal U.S.

1/ Transcript of the conference, pp. 57-58.
2/ CPI Purchasing, December 1983, pp. 58-61.
3/ Transcript of the conference, pp. 47-48.
4/ Diamond Shamrock Corp., Annual Report 1983, p. 23.
5/ Letter from PQ Corp., Oct. 8, 1985. A copy of this letter is presented in app. D.
6/ Stauffer Chemical Co., 1984 Annual Report, p. 11.

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distributor for the sole United Kingdom producer, Joseph Crosfield & Son, Ltd. 1/ Lidochem was the only importer mentioned in the petition, and the only one to participate in the conference in this investigation. A small, family owned business, 2/ Lidochem began importing ASM from the United Kingdom * * *. By 1984, its imports accounted for * * * percent of all such imports from the United Kingdom, and it * * * with * * * percent of such imports during January-August 1985. The firm sells ASM throughout the United States.

The only other importer of ASM from the United Kingdom which trades the product in the commercial market is * * *.

* * * * * * *

The Foreign Industry

One firm in the United Kingdom produces ASM: Joseph Crosfield & Son, Ltd., of Warrington, England, a part of the Unilever Corp. This firm described its production as * * * (table 3). In 1982, Crosfield produced * * * pounds of ASM. In 1983, production increased by * * * percent to * * * pounds, and in 1984 it increased by * * * percent to * * * pounds. Production during January-August 1985, at an annualized rate, represented a * * * percent decline from that in 1984.

The capacity of the Crosfield plant to produce ASM was * * * than production and was unchanged during the period of investigation, causing capacity utilization levels to be generally low. Capacity utilization increased from * * * percent in 1982 to * * * percent in 1984, and then declined to * * * percent in 1985.

Total shipments of ASM, like production, increased during 1982-84, but, unlike production, continued to increase, in annualized terms, during January-August 1985. Home-market shipments increased by * * * percent during 1983-84 and by * * * percent during 1984-85, using annualized 1985 data. Home-market shipments also accounted for a steadily increasing percentage of Crosfield's total shipments, rising from * * * percent of total shipments in 1983 to * * * percent during January-August 1985. Exports to the United States declined by * * * percent during 1983-84, and increased by * * * percent during 1984-85, using annualized 1985 data. Such exports accounted for * * *, though that share declined from * * * percent in 1983 to * * * percent in January-August 1985. Exports to other countries grew by * * * percent during 1983-84, but declined by * * * percent in 1984-85, using annualized 1985 data. The share of total shipments accounted for by such exports rose from * * * percent in 1983 to * * * percent in 1984, and then declined to * * * percent during January-August 1985.

* * * * * * *

1/ Transcript of the conference, p. 89.
2/ Ibid., p. 80.

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Table 3.--Anhydrous sodium metasilicate: United Kingdom production, capacity, and shipments, 1982-84, January-August 1984, and January-August 1985

* * * * * * *

The Question of Material Injury

In order to evaluate the condition of the U.S. industry producing ASM, the Commission surveyed all known U.S. producers of the product. These producers are the four firms discussed above in the section entitled "The U.S. Industry." The following information describing the condition of this industry includes all four producers, unless otherwise noted.

U.S. production, capacity, and capacity utilization 1/

U.S. production of ASM declined from 132 million pounds in 1982 to 120 million pounds in 1984, a fall of 9 percent over the 2-year period (table 4). During January-August 1985, production continued to decline, falling by 17 percent from the level of the corresponding period of 1984.

Published statistics on U.S. production of ASM are available, and show a slightly different trend than data from Commission questionnaires. According to published statistics, production increased by 1 percent from 1982 to 1983, and then declined by 7 percent in 1984. From January-July 1984 to the corresponding period of 1985, published statistics show a decline of 11 percent. 2/ These statistics, as reported by the U.S. Department of Commerce, are as follows:

Period	Production (1,000 pounds)
1982----------	127,508
1983----------	129,162
1984----------	119,806
January-July--	
1984----------	73,386
1985----------	64,948

The last change in the U.S. industry's capacity to produce ASM occurred * * *. As a result, capacity levels were flat at 205 million pounds per year during 1982-84. Capacity utilization fell from 64 percent in 1982 to 58 percent in 1984, and continued to fall in 1985, dropping from * * * percent

1/ Data on U.S. production and capacity reported by * * *. * * *'s data are included in aggregate data for the years 1982 to 1984, but are excluded from aggregate data for the periods January-August 1984 and January-August 1985. These periods, therefore, reflect data for 3 firms accounting for * * * percent of U.S. production in 1984.

2/ Regarding the growth in production between 1982 and 1983 presented by published statistics, Mr. Stephen Hamilton, PQ Corp., stated, "Marketplace factors would seem to indicate that such a high growth rate is illogical." Transcript of the conference, p. 24.

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Table 4.--Anhydrous sodium metasilicate: U.S. production, capacity, and capacity utilization, 1982-84, January-August 1984, and January-August 1985 1/

Item	1982	1983	1984	January-August--	
				1984	1985
Production--1,000 pounds--	132,112	123,187	119,858	62,741	51,892
Capacity----------do----	205,000	205,000	205,000	***	***
Capacity utilization: percent--	64.4	60.1	58.5	***	***

1/ Data for 1982-84 include 4 firms accounting for 100 percent of U.S. production. Data for partial years include 3 firms accounting for * * * percent of 1984 production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

during January-August 1984 to * * * percent in the corresponding period of 1985. 1/

U.S. producers' domestic shipments, exports, and inventories 2/

U.S. producers' domestic shipments of ASM, not including intracompany or intercompany transfers, followed the same trend as production: down in each year during the period of investigation. From 120 million pounds in 1982, shipments fell by 15 percent to 102 million pounds in 1983, and by 4 percent to 99 million pounds in 1984 (table 5). In January-August 1985, shipments stood at * * * pounds, down by * * * percent from * * * pounds in January-August 1984. 3/

1/ For purposes of comparison, data on production of SMP by U.S. producers of ASM are presented in app. E.

2/ The data presented in this section aggregate each U.S. producer's shipments and inventories of its own production, with one exception. * * * reported purchases of ASM from another U.S. producer. As a share of * * *'s production, these purchases were * * * percent in 1984, but averaged * * * percent over the period of investigation. All of these purchases * * *, and the data in this section reflect these facts. Data on domestic shipments as presented in this section do not include shipments to other U.S. producers. No U.S. producer imported ASM during the period of investigation.

Data on domestic shipments and exports reported by * * *. * * *'s data are included in aggregate data for the years 1982 to 1984 but are excluded from aggregate data for the periods January-August 1984 and January-August 1985. These periods, therefore, reflect data for 3 firms accounting for * * * percent of U.S. production in 1984. * * *.

* * * did not report data on inventories. Data on inventories presented in this section, then, are for 3 firms accounting for * * * percent of U.S. production in 1984.

3/ * * *. Letter from PQ Corp., Oct. 8, 1985. A copy of this letter is presented in app. D.

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Table 5.--Anhydrous sodium metasilicate: U.S. producers' domestic shipments, intracompany and intercompany transfers, exports, total shipments, and end-of-period inventories, 1982-84, January-August 1984, and January-August 1985

Item	1982	1983	1984	January-August--	
				1984	1985
Domestic shipments: 1/					
Quantity-1,000 pounds	119,630	102,228	98,537	***	***
Value---1,000 dollars	***	***	***	***	***
Unit value--per pound	$0.26	$0.26	$0.24	$0.24	$0.23
Intracompany and intercompany transfers 2/ 1,000 pounds	***	***	***	***	***
Exports 1/---------do----	***	***	***	***	***
Total shipments 1,000 pounds	***	***	***	***	***
Inventories 3/-----do----	***	***	***	***	***
Ratio of inventories to total shipments 3/ percent	3.7	7.3	9.2	11.7	15.8

1/ Data on quantity include 4 firms accounting for 100 percent of U.S. production during 1982-84, and 3 firms accounting for * * * percent of 1984 production during partial years. Data on value and unit value include 3 firms accounting for * * * percent of 1984 production during all periods.

2/ Data for all periods include 4 firms accounting for 100 percent of U.S. production.

3/ Data for all periods include 3 firms accounting for * * * percent of 1984 U.S. production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Domestic shipments made in quantities of 100-pound bags, as opposed to shipments made in bulk quantities, accounted for more than half of total domestic shipments during the period of investigation. The following tabulation presents the share of domestic shipments made to the bag and bulk markets (in percent):

Period	Bag	Bulk
1982	61	39
1983	63	37
1984	62	38
January-August--		
1984	67	33
1985	68	32

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All U.S. producers except * * * reported exports of ASM, but the exports were at low levels, never accounting for more than * * * percent of total shipments during the period of investigation.

U.S. producers' intracompany and intercompany transfers did not suffer the same decline as their commercial shipments. Such transfers increased by * * * percent from 1982 to 1983 and by * * * percent from 1983 to 1984, and then declined by * * * percent from January-August 1984 to January-August 1985.

The volume of U.S. producers' inventories of ASM increased steadily from January 1982 to August 1985, just as did inventories as a share of total shipments. Inventories as a share of shipments grew from 4 percent in 1982 to 7 percent in 1983, and to 9 percent in 1984. From January-August 1984 to January-August 1985, the ratio of inventories to shipments rose from 12 percent to 16 percent. 1/

Employment and productivity 2/

The average number of production and related workers producing ASM was just under one-half of the number of production workers producing all products in the reporting establishments. The number of workers producing ASM declined by 5 percent, from 106 in 1982 to 101 in 1984, and then declined by 3 percent, from 101 during January-August 1984 to 98 in the corresponding period of 1985 (table 6). The number of hours worked by these employees declined by 8 percent from 1982 to 1983, but rose by 4 percent from 1983 to 1984. A decline of 6 percent in hours worked occurred between January-August 1984 and January-August 1985.

Wages paid and total compensation increased each year during 1982-84, but declined slightly between January-August 1984 and January-August 1985. Total wages grew by 8 percent from 1982 to 1984, and then fell by 1 percent from January-August 1984 to the corresponding period of 1985. Hourly wages increased from $10.15 in 1982 to $11.70 in 1984, and from $12.15 in January-August 1984 to $12.47 in January-August 1985. The productivity of the U.S. industry, measured in pounds of ASM produced per hour worked by production and related workers, declined from 1983 on, as shown in the following tabulation of data from Commission questionnaires:

1/ For purposes of comparison, data on shipments and inventories of SMP by U.S. producers of ASM are presented in app. E.

2/ Data in this section are for 4 firms accounting for 100 percent of U.S. production, with the exception of data on hours worked and wages paid for January-August 1984 and January-August 1985, and data on total compensation for all periods, owing to data not reported by * * *. * * *'s reported data on wages paid are included in aggregate data on total compensation for 1982-84, causing the aggregate data to be understated. * * * is not included in data on hours worked, wages paid, or on total compensation for partial years; data for those periods are for 3 firms accounting for * * * percent of 1984 U.S. production.

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Table 6.--Average number of employees in establishments producing anhydrous sodium metasilicate, average number of production and related workers engaged in such production, hours worked by such workers, and wages, total compensation, and hourly compensation paid to such workers, 1982-84, January-August 1984, and January-August 1985 1/

Item	1982	1983	1984	January-August--	
				1984	1985
All employees	294	288	284	284	285
Production and related workers	106	101	101	101	98
Hours worked by production and related workers 2/-1,000 hours	213	197	205	93	87
Wages paid to production and related workers 2/ 1,000 dollars	1,846	1,867	1,986	863	858
Total compensation paid to production and related workers 3/ 1,000 dollars	2,163	2,276	2,398	1,130	1,085
Hourly compensation paid to production and related workers 3/	$10.15	$11.55	$11.70	$12.15	$12.47

1/ Data are for 4 firms accounting for 100 percent of U.S. production, unless otherwise noted.

2/ Data for January-August 1984 and January-August 1985 are for 3 firms accounting for * * * percent of 1984 U.S. production.

3/ One firm did not report data on total compensation; its data on wages paid are included in aggregate data on total compensation for 1982-84, causing aggregate data to be understated. Data for January-August 1984 and January-August 1985 are for 3 firms accounting for * * * percent of 1984 U.S. production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Period	Pounds per hour
1982	620
1983	625
1984	585
January-August--	
1984	1/ 675
1985	1/ 596

1/ Data are for 3 firms accounting for * * * percent of 1984 U.S. production.

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Seventy-nine percent of the production and related workers producing ASM are represented by the International Chemical Workers Union. This figure includes 80 workers at three of the four firms which produce ASM.

Two producers reported layoffs during 1982-85. The dates of each layoff and the number of workers involved are shown in the following tabulation:

* * * * * * *

Financial experience of U.S. producers

Four firms, accounting for 100 percent of reported U.S. production of ASM, furnished usable income-and-loss data concerning both their overall establishment operations and their operations producing ASM. 1/

Overall establishment operations.--Net sales of all products produced in the establishments within which ASM is produced declined annually from $67.9 million to $58.4 million, or by 14 percent, during 1982-84 (table 7). Net sales declined 10 percent to $35.0 million during interim 1985, compared with net sales of $39.0 million during the corresponding period of 1984. Net sales of ASM accounted for between 46 and 50 percent of total establishment net sales in each of the reporting periods.

Operating income followed the same trend as net sales during 1982-84, slipping from $16.9 million, or 24.8 percent of net sales, to $12.2 million, or 20.8 percent of net sales, during this period. Operating income rose to $9.1 million, or 25.9 percent of net sales, during the interim period ended August 31, 1985, compared with an operating income of $8.4 million, or 21.5 percent of net sales, during the corresponding period of 1984. All four of the reporting firms operated profitably in each of the reporting periods. Cash flow followed the same trend as operating income, declining from $19.1 million to $14.8 million during 1982-84 and then rising to $10.9 million during interim 1985, compared with $10.1 million during the corresponding period of 1984.

Anhydrous sodium metasilicate operations.--Net sales of ASM followed the same trend as total establishment net sales during the reporting period, declining from $33.3 million to $27.2 million, or by 18 percent, during 1982-84 (table 8). Net sales then slipped another 17 percent to $16.1 million during interim 1985, compared with net sales of $19.3 million during the corresponding period of 1984.

Operating income followed the same trend as net sales, declining from $6.5 million, or 19.6 percent of net sales, in 1982 to $5.3 million, or 19.6 percent of net sales, in 1984, and then declining further to $2.8 million, or 17.6 percent of net sales, during interim 1985, compared with an operating income of $4.3 million, or 22.1 percent of net sales, during the corresponding period of 1984. None of the four producers sustained any losses during the reporting period. Cash flow from operations followed the same trend as

1/ PQ Corp., Diamond Shamrock Chemicals Co., Mayo Products Co., and Stauffer Chemical Co.

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Table 7.--Income-and-loss experience of 4 U.S. producers on the overall operations of their establishments within which anhydrous sodium metasilicate is produced, accounting years 1982-84, interim 1984, and interim 1985 1/

Item	1982	1983	1984	Interim period ended August 31-- 1984	1985
Net sales:					
ASM----------1,000 dollars--	33,335	28,050	27,176	19,311	16,092
Other products--------do----	34,556	33,141	31,241	19,656	18,896
Total net sales-----do----	67,891	61,191	58,417	38,967	34,988
Cost of goods sold 1,000 dollars--	46,123	42,940	42,246	28,150	23,233
Gross income----------do----	21,768	18,251	16,171	10,817	11,755
General, selling, and administrative expenses 1,000 dollars--	4,918	4,626	3,999	2,440	2,692
Operating income--------do----	16,850	13,625	12,172	8,377	9,063
Depreciation and amortization 1,000 dollars--	2,231	2,324	2,591	1,673	1,831
Cash flow from operations 1,000 dollars--	19,081	15,949	14,763	10,050	10,894
Ratio to total net sales of--					
Net sales of ASM---percent--	49.1	45.8	46.5	49.6	46.0
Gross income---------do----	32.1	29.8	27.7	27.8	33.6
Operating income------do----	24.8	22.3	20.8	21.5	25.9
Cost of goods sold----do----	67.9	70.2	72.3	72.2	66.4
General, selling, and administrative expenses percent--	7.3	7.5	6.9	6.3	7.7
Number of firms reporting operating losses----------	-	-	-	-	-

1/ Data include Diamond Shamrock Chemicals Co., Mayo Products Co., PQ Corp., and Stauffer Chemical Co. * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

operating income, falling from $7.6 million to $6.4 million during 1982-84, and then to $3.7 million during interim 1985, compared with $5.0 million during the corresponding period of 1984.

Investment in productive facilities.--U.S. producers' investment in productive facilities employed in the production of ASM, valued at cost, rose from $22.3 million as of the end of 1982 to $23.9 million as of August 31, 1985 (table 9). The book value of such assets was $7.5 million as of August 31, 1985.

Capital expenditures.--U.S. producers made capital expenditures of $* * * in 1982 for facilities used in the production of ASM (table 9). Capital expenditures in 1983

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Table 8.--Income-and-loss experience of 4 U.S. producers on their operations producing anhydrous sodium metasilicate, accounting years 1982-84, interim 1984, and interim 1985 1/

Item	1982	1983	1984	Interim period ended August 31--	
				1984	1985
Net sales					
Trade:					
Value------1,000 dollars--	***	***	***	***	***
Quantity----1,000 pounds--	121,468	96,022	99,933	71,017	62,686
Intracompany and intercompany transfers					
Value------1,000 dollars--	***	***	***	***	***
Quantity----1,000 pounds--	***	***	***	***	***
Total net sales					
1,000 dollars--	33,335	28,050	27,176	19,311	16,092
Cost of goods sold					
1,000 dollars--	24,414	19,986	19,817	13,827	12,171
Gross income----------do----	8,921	8,064	7,359	5,484	3,921
General, selling, and administrative expenses					
1,000 dollars--	2,381	1,694	2,037	1,217	1,094
Operating income--------do----	6,540	6,370	5,322	4,267	2,827
Depreciation and amortization					
1,000 dollars--	1,058	1,046	1,118	734	823
Cash flow from operations					
1,000 dollars--	7,598	7,416	6,440	5,001	3,650
Ratio to total net sales of--					
Gross income-------percent--	26.8	28.7	27.1	28.4	24.4
Operating income------do----	19.6	22.7	19.6	22.1	17.6
Cost of goods sold----do----	73.2	71.3	72.9	71.6	75.6
General, selling, and administrative expenses					
percent--	7.2	6.0	7.5	6.3	6.8
Number of firms reporting operating losses----------	-	-	-	-	-

1/ Data include Diamond Shamrock Chemicals Co., Mayo Products Co., PQ Corp., and Stauffer Chemical Co. * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

fell to $* * *, those in 1984 were $* * *, and those during January-August 1985 were $* * * compared with $* * * during the corresponding period of 1984.

Research and development expenses.- Two U.S. producers reported research and development expenses related to the production of ASM. Such expenses declined irregularly from $* * * in 1982 to $* * * in 1984; they were $* * * during January-August of 1984 and 1985 (table 9).

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Table 9.--Investment in productive facilities and capital expenditures related to anhydrous sodium metasilicate, 1982-84, January-August 1984, and January-August 1985 1/

(In thousands of dollars)

Item	1982	1983	1984	January-August, or as of August 31--	
				1984	1985
Investment in productive facilities:					
All products:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
ASM:					
Original cost	22,281	23,274	23,583	23,444	23,897
Book value	9,293	8,769	8,236	7,704	7,460
Capital expenditures:					
All products:					
Land	***	***	***	***	***
Buildings or leasehold improvements	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***
ASM:					
Land	***	***	***	***	***
Buildings or leasehold improvements	***	***	***	***	***
Machinery and equipment	1,269	624	580	396	499
Total	***	***	***	***	***
Research and development expenses	***	***	***	***	***

1/ Data concerning investment in productive facilities and capital expenditures are for 4 firms. Data concerning research and development expenses are for 2 firms.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Capital and investment.--U.S. producers were asked to describe any actual or potential negative effects of imports of ASM from the United Kingdom on their firms' growth, investment, and ability to raise capital. The following are excerpts from their replies:

* * * * * * *

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The Question of the Threat of Material Injury

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant economic factors 1/--
>
> . . . (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and
>
> (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 736, are also used to produce the merchandise under investigation.

The available data on foreign producers' operations (items (II) and (VI), above) are presented in the section entitled "The Foreign Industry"; and information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV), above) is presented in the section entitled "Consideration of the Causal Relationship Between the Alleged Less-Than-Fair-Value Imports and the Alleged Injury." With regard to "product

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1/ Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

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shifting" (item VIII, above), there are no known facilities owned or controlled by the manufacturers in the United Kingdom that can be used to produce products subject to investigation under sections 701 or 731 or to final orders under section 736, that are also used to produce the merchandise under investigation. Available information on U.S. inventories of the subject products (item (V)) follows.

The volume of inventories in the United States of imports of ASM from the United Kingdom increased from 1982 to 1984, and continued to increase from January-August 1984 to January-August 1985. As a share of total imports, however, inventories fluctuated--without any apparent trend--from * * * percent in 1983 to * * * percent in 1984, and from * * * percent in January-August 1984 to * * * percent in January-August 1985. Data on such inventories, derived from responses to Commission questionnaires, are presented in the following tabulation:

Item	1982	1983	1984	January-August--	
				1984	1985
Inventories of imports from the United Kingdom--1,000 pounds--	***	***	***	***	***
Ratio of inventories to total imports from the United Kingdom percent--	***	***	***	***	***

Consideration of the Causal Relationship Between the Alleged Less-Than-Fair-Value Imports and the Alleged Injury

U.S. imports

Imports of ASM from the United Kingdom, and total estimated imports from all countries, are presented in table 10. 1/ The leading source of imports of ASM to the United States in 1984 and during January-August 1985 was the United Kingdom, followed by Sweden. Other major sources of imports were Italy, France, and the Netherlands. Imports of ASM from the United Kingdom increased from * * * in 1982 to * * * in 1983. In 1984, imports increased by * * * percent, to * * * pounds. During January-August 1985, imports were at * * * pounds, an increase of * * * percent above those in the corresponding period of 1984. The unit value of imports from the United Kingdom remained relatively stable--from * * * to * * * per pound--throughout the period under investigation.

As a share of estimated total imports of ASM, imports from the United Kingdom saw a steady increase. From * * * in 1982, the share of such imports climbed to * * * percent in 1983 and to * * * percent in 1984. During

1/ The methodology used to estimate U.S. imports is presented in app. C.

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Table 10.--Anhydrous sodium metasilicate: U.S. imports for consumption, by selected sources, 1982-84, January-August 1984, and January-August 1985

Item	1982	1983	1984	January-August--	
				1984	1985
United Kingdom:					
Quantity----1,000 pounds--	***	***	***	***	***
Value------1,000 dollars--	***	***	***	***	***
Unit value-----per pound--	$***	$***	$***	$***	$***
Estimated total imports 1,000 pounds--	721	3,309	5,297	3,574	6,032
Imports from the United Kingdom as a share of the total quantity of imports----------percent--	***	***	***	***	***

Source: Data on imports from the United Kingdom were compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. Data on total imports were estimated using statistics of the U.S. Customs Service, interviews with importers, and official statistics of the U.S. Department of Commerce.

January-August 1985, imports from the United Kingdom accounted for * * * percent of estimated total imports, up from * * * percent during January-August 1984. Imports of ASM from the United Kingdom enter the United States through a small but diverse number of customs districts, principally Champlain, NY, New York City, Baltimore, Miami, Chicago, Detroit, Los Angeles, and San Francisco.

Market penetration of imports 1/

Domestic shipments of U.S.-produced ASM captured a high but declining share of the U.S. commercial market from 1982 to 1984, while imports took an increasing share (table 11). The share of the commercial market held by imports from the United Kingdom also increased from * * * in 1982 to * * * percent in 1983, * * * percent in 1984, and * * * percent during January-August 1985. In 1982, U.S. producers held 99.4 percent of the commercial market. This share declined steadily to 95.2 percent during 1984 and 90.9 percent in January-August 1985.

1/ Data on market penetration as presented in this section are calculated by adjusting estimated import statistics to account for inventories of imports reported to the Commission via importers' questionnaires. See the discussion of this calculation in the section entitled "Apparent U.S. consumption." The methodology used to estimate U.S. imports is presented in app. C. Market penetration information calculated without adjusting for inventories of imports is presented in app. F.

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Table 11.--Anhydrous sodium metasilicate: Ratios of the quantity of imports 1/ and of domestic shipments of U.S. production to apparent U.S. consumption, by markets and selected sources, 1982-84, January-August 1984, and January-August 1985

(In percent)

Item	1982	1983	1984	January-August--	
				1984	1985
Commercial market:					
Imports from the United Kingdom	***	***	***	***	***
Total imports	0.6	2.4	4.8	4.9	9.1
Domestic shipments of U.S. production	99.4	97.6	95.2	95.1	90.9
Total	100.0	100.0	100.0	100.0	100.0
Captive market:					
Imports from the United Kingdom	***	***	***	***	***
Total imports	***	***	***	***	***
Domestic shipments of U.S. production	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Total:					
Imports from the United Kingdom	***	***	***	***	***
Total imports	***	***	***	***	***
Domestic shipments of U.S. production	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

1/ Data on total imports of anhydrous sodium metasilicate from all countries are estimated. Data on imports are adjusted to account for known inventories of imports. Data on U.S. production include only domestic shipments of such products.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

With respect to the captive market for ASM, * * *. Captive consumption by importers from countries other than the United Kingdom may exist, but is not reflected in table 11. If captive consumption by * * * is compared to total captive consumption by U.S. producers, imports' share of the captive market declined from * * * percent to * * * from 1983 to January-August 1985.

The total market for ASM, then, saw imports from the United Kingdom increase their market share from * * * in 1982 to * * * percent in 1984 and * * * percent during January-August 1985. U.S. producers, conversely,

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suffered a decline in total market share from * * * percent in 1982 to * * * percent in 1984 and * * * percent during January-August 1985.

Virtually all importers' shipments are in quantities of 100-pound bags, as opposed to shipments of bulk quantities. The following tabulation presents the shares of total bag shipments in the commercial market held by imports and U.S. production (in percent):

Item	1982	1983	1984	January-August--	
				1984	1985
Imports from the United Kingdom	***	***	***	***	***
Total imports	1.0	3.7	7.5	7.6	13.8
Domestic shipments of U.S. production	99.0	96.3	92.5	92.4	86.2
Total	100.0	100.0	100.0	100.0	100.0

Prices

Prices of ASM have generally declined at least since 1980. The petitioner's testimony at the conference indicated that, since 1980, demand for ASM has been flat or falling and that there has been a continuing overabundance of supply because capacity utilization for the industry has been low, hovering at about 60 percent. Factors that may have caused this situation are presented in the section entitled "Market factors."

Current methods of pricing by the domestic producers of ASM for both the bag and bulk markets differ from the methods of pricing found in 1980 in investigation No. 731-TA-25 (Final). At that time, domestic producers used a nationwide list price for the bag market and sold all their ASM f.o.b. point of shipment. U.S. producers also offered bulk quantities on a list price basis, but offered their largest customers a * * * percent discount from the published list price. Currently, U.S. producers offer a list price for ASM packaged in bags as a starting point for price negotiations. The average domestic list price for the third quarter of 1985 was $* * *. The average negotiated price for packaged ASM was $* * *, or * * * percent below list. The petitioner contends that the bag market significantly influences the price in the bulk market. Purchasers of bulk ASM are usually large companies that purchase in bulk to obtain a lower price than can be obtained in the bag market. These customers therefore insist that bulk prices remain lower than bag prices. In order to retain their large customers, the petitioner has met the demands of bulk ASM purchasers by offering prices lower than bag prices.

Shipping costs, which were found to be paid by purchasers in the 1980 investigation, are now part of price negotiations. Both producers and importers in many instances pay all or part of shipping costs in order to obtain a sale. Shipping costs for packaged ASM ranged from under 2 percent to over 30 percent, depending upon the location of the customer. The average

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shipping costs reported during January-September 1985 on sales by both producers and importers of ASM packaged in bags were 3.3 percent of the f.o.b. price for customers in the Northeast region, 22.7 percent in the Southern region, 5.2 percent in the Great Lakes region, and 27.8 percent in the Western region. 1/

Producers and importers were requested to provide the Commission with the list price, the net f.o.b. selling price, and shipping costs for their largest package shipment and largest bulk shipment to four specified geographic regions in each quarter from January 1983 through September 1985. 2/

Weighted-average selling prices reported by producers and importers for their largest ASM package sales are reported in the tables that follow. The price data reported for each of the regions showed declining U.S. package prices. Bulk prices are lower than package prices in all but the Western region. Prices of the United Kingdom material undersold the U.S. material in most periods except in the Western region where there was overselling in most quarters. Importers reported only one bulk price.

Northeastern region.--Prices and margins of underselling of the domestic product by imports from the United Kingdom for the Northeastern region of the United States are presented in table 12. The domestic weighted-average price per hundred pounds (hundredweight or cwt) ranged from a low of $* * * during April-June 1985 to a high of $* * * during January-June 1983. Domestic prices generally declined throughout the period of investigation, though there was an increase of * * * percent in October-December 1984. Prices of imports from the United Kingdom also generally declined in the Northeastern region, though there was an increase of * * * percent in April-June 1985. Import prices were lower than the domestic prices in seven of the eight quarters in which comparisons were possible. The margins of underselling by imports from the United Kingdom ranged from a low of * * * percent during July-September 1984 to a high of * * * percent during October-December 1984. The only instance of overselling occurred during April-June 1985 when the domestic product was priced * * * percent lower than the imported product.

Southern region.--Prices and margins of underselling of the domestic product by imports from the United Kingdom for the Southern region of the United States are presented in table 13. The domestic weighted-average price per hundred pounds ranged from a low of $* * * during October-December 1984, January-March 1985, and July-September 1985 to a high of $* * * in

---

1/ The geographic regions are defined as follows: (1) Northeastern, includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia, West Virginia, and Virginia; (2) Southern, includes North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Tennessee, Arkansas, Oklahoma, and Texas; (3) Great Lakes, includes Ohio, Michigan, Kentucky, Indiana, Illinois, Wisconsin, Minnesota, Iowa, and Missouri; and (4) Western, includes all States not listed above.

2/ The Commission received usable price data from two of four producers (* * * and * * *, accounting for * * * percent of 1984 production) and two of three importers (* * * and * * *, accounting for * * * percent of 1984 imports).

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Table 12.--Anhydrous sodium metasilicate: U.S. producers' and importers' weighted-average net f.o.b. selling prices, 1/ and margins of underselling by imports, for 100-pound bags of product sold in the Northeastern region, by quarters, January 1983-September 1985 2/

Period	U.S. producers' price	Importers' price	Margins of underselling (overselling)
	Per cwt		Percent
1983:			
January-March	$***	3/	-
April-June	***	3/	-
July-September	***	3/	-
October-December	***	$***	***
1984:			
January-March	***	***	***
April-June	***	***	***
July-September	***	***	***
October-December	***	***	***
1985:			
January-March	***	***	***
April-June	***	***	(***)
July-September	***	***	***

1/ Based on the largest shipment in each quarter.
2/ Data were reported by 2 U.S. producers accounting for * * * percent of 1984 production, and 2 importers accounting for * * * percent of 1984 imports.
3/ No sales reported.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 13.--Anhydrous sodium metasilicate: U.S. producers' and importers' weighted-average net f.o.b. selling prices, 1/ and margins of underselling by imports, for 100-pound bags of product sold in the Southern region, by quarters, January 1983-September 1985 2/

Period	U.S. producers' price	Importers' price	Margins of underselling (overselling)
	Per cwt		Percent
1983:			
January-March	$***	3/	-
April-June	***	3/	-
July-September	***	3/	-
October-December	***	3/	-
1984:			
January-March	***	$***	***
April-June	***	***	***
July-September	***	***	***
October-December	***	***	(***)
1985:			
January-March	***	***	***
April-June	***	***	***
July-September	***	***	***

1/ Based on the largest shipment in each quarter.
2/ Data were reported by 2 U.S. producers accounting for * * * percent of 1984 production, and 2 importers accounting for * * * percent of 1984 imports.
3/ No sales reported.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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January-March 1983. Both domestic prices and prices of imports from the United Kingdom generally declined in the Southern region. Import prices were lower than the domestic prices in six of the seven quarters in which comparisons were possible. The margins of underselling by imports from the United Kingdom ranged from a low of * * * percent during April-June 1984 to a high of * * * percent during April-June 1985. The only instance of overselling occurred during October-December 1984 when the imported product was priced * * * percent higher than the domestic product.

Western region.--Prices and margins of underselling of the domestic product by imports from the United Kingdom for the Western region of the United States are presented in table 14. The domestic weighted-average price per hundred pounds ranged from a low of $* * * during July-September 1985 to a high of $* * * during January-March 1983. Domestic prices generally declined throughout the entire period of investigation. Prices of imports from the United Kingdom increased * * * percent from October-December 1983 to April-June 1984 before declining * * * percent by July-September 1985. There was substantial overselling beginning in April-June 1984 and continuing through July-September 1985. United Kingdom prices were higher than domestic prices by amounts ranging from * * * percent to * * * percent during this

Table 14.--Anhydrous sodium metasilicate: U.S. producers' and importers' weighted-average net f.o.b. selling prices, 1/ and margins of underselling by imports, for 100-pound bags of product sold in the Western region, by quarters, January 1983-September 1985 2/

Period	U.S. producers' price	Importers' price	Margins of underselling (overselling)
	Per cwt		Percent
1983:			
January-March	$***	3/	-
April-June	***	3/	-
July-September	***	3/	-
October-December	***	$***	***
1984:			
January-March	***	***	***
April-June	***	***	(***)
July-September	***	***	(***)
October-December	***	***	(***)
1985:			
January-March	***	***	(***)
April-June	***	***	(***)
July-September	***	***	(***)

1/ Based on the largest shipment in each quarter.
2/ Data were reported by 2 U.S. producers accounting for * * * percent of 1984 production, and 2 importers accounting for * * * percent of 1984 imports.
3/ No sales reported.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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period. The only instances of underselling occurred during October-December 1983 and January-March 1984 when the imported product was priced * * * percent and * * * percent lower, respectively, than the domestic product.

Great Lakes region.--Prices and margins of underselling of the domestic product by imports from the United Kingdom for the Great Lakes region of the United States are presented in table 15. The domestic weighted-average price per hundred pounds ranged from a low of * * * in July-December 1984 and January-March 1985 to a high of * * * during January-March 1983. Domestic prices declined * * * percent from January-March 1983 to October-December 1983. Prices then increased * * * percent during January-March 1984 before decreasing * * * percent by July-September 1984. Prices of imports from the United Kingdom generally declined in the Great Lakes region. The margins of underselling by imports from the United Kingdom ranged from a low of * * * percent during July-December 1984 to a high of * * * percent during April-June 1984. The only instance of overselling occurred during October-December 1983 when the domestic product was priced * * * percent lower than the imported product.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during the period January 1983 through September 1985 the nominal value of the

Table 15.--Anhydrous sodium metasilicate: U.S. producers' and importers' weighted-average net f.o.b. selling prices, 1/ and margins of underselling by imports, for 100-pound bags of product sold in the Great Lakes region, by quarters, January 1983-September 1985 2/

Period	U.S. producers' price	Importers' price	Margins of underselling (overselling)
	Per cwt		Percent
1983:			
January-March	$***	3/	-
April-June	***	3/	-
July-September	***	3/	-
October-December	***	$***	(***)
1984:			
January-March	***	***	***
April-June	***	***	***
July-September	***	***	***
October-December	***	***	***
1985:			
January-March	***	***	***
April-June	3/	***	-
July-September	3/	***	-

1/ Based on the largest shipment in each quarter.
2/ Data were reported by 2 U.S. producers accounting for * * * percent of 1984 production, and 2 importers accounting for * * * percent of 1984 imports.
3/ No sales reported.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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British pound depreciated relative to the U.S. dollar in all but three quarters by an overall 10.1 percent (table 16). 1/ The higher level of inflation in the United Kingdom compared to that in the United States over the 10-quarter period ended June 1985 caused the international purchasing power of the British currency to depreciate by 8.8 percent relative to the U.S. dollar--significantly less than the commensurate apparent depreciation of 17.9 percent represented by the nominal devaluation. 2/

Lost revenues and lost sales

Domestic producers were asked to furnish the Commission with customer names, quantities, and dates relating to revenues or sales of ASM that have been lost to imports of ASM from the United Kingdom since January 1983. Two producers provided quantifiable allegations of both lost revenues and lost sales. The number of lost revenue allegations that were quantifiable totaled * * * pounds valued at $* * *. The number of lost sales allegations that were quantifiable totaled * * * pounds valued at $* * *. Eleven of the firms listed in the allegations were contacted by the Commission's staff. Representatives stated that they choose their supplier of ASM based upon price and time of delivery.

Lost revenues.--* * * alleged lost revenues on sales of * * *, * * *, and * * * pounds of ASM, to * * *, on * * *, * * *, and * * *, respectively. * * * stated that it offered an initial quote of $* * * per cwt, but had to lower the price to $* * * in order to make the sale of * * * pounds. * * * claimed to have offered $* * * per cwt, but had to lower the offer to $* * * in order to make the sale of * * * pounds. * * * also claimed to have offered $* * * per cwt but lowered the price to $* * * in order to make the sale of * * * pounds. * * * was not able to verify these prices, but did state that U.S. producers usually quote lower prices than do importers. * * * stated that competition from imports has forced the price of ASM down, but would not single out imports from the United Kingdom. * * * also stated that * * * made only * * * of ASM from the United Kingdom.

* * * alleged lost revenues on a sale of * * * pounds of ASM to * * * on * * *. * * * stated that it offered an initial quote of $* * * per cwt, but had to lower the price to $* * * in order to make the sale. * * * was not able to verify these prices, but stated that U.S. producers had tried to raise the list price of ASM and were forced to roll it back due to competition from

---

1/ International Financial Statistics, September 1985.

2/ The percentage change in the international purchasing power of the British currency from the reference period January-March 1983 provides an indication of the maximum amount that a foreign producer or its agent can reduce its dollar prices of British products in the U.S. market without reducing its profits assuming it has no dollar-denominated costs or contracts. A foreign producer, however, may choose to increase its profits by not reducing its dollar prices or by reducing its dollar prices by less than the depreciation would allow. Within specific industries, such as the sodium metasilicate industry, the proportion of foreign producers' costs attributable to imports of raw materials and energy from the United States or from countries whose currencies are linked to the dollar would vary by specific product and producer.

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Table 16.--Nominal- and real-exchange-rate equivalents of U.S. dollars per British pound, and producer price indicators in the United States and the United Kingdom, 1/ by quarters, January 1983-September 1985

Period	U.S. Producer Price Index	British Producer Price Index	Nominal-exchange-rate index	Real-exchange-rate index 2/
	(January-March 1983=100)			
1983:				
January-March	100.0	100.0	100.0	100.0
April-June	100.3	102.0	101.5	103.2
July-September	101.3	102.7	98.6	100.0
October-December	101.8	104.1	95.9	98.1
1984:				
January-March	102.9	105.9	93.6	96.4
April-June	103.6	108.4	91.2	95.4
July-September	103.3	109.0	84.7	89.4
October-December	103.0	110.4	79.4	85.1
1985:				
January-March	102.9	112.2	72.8	79.4
April-June	103.0	114.4	82.1	91.2
July-September	3/ 102.8	4/	3/ 89.9	4/

1/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of the International Financial Statistics.

2/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured here by the producer price index in the United States and in the United Kingdom. Producer prices in the United States increased by 3.0 percent during January 1983-June 1985 compared with a 14.4-percent increase in the United Kingdom during the same period.

3/ Preliminary.

4/ Not available.

Source: International Monetary Fund, International Financial Statistics, September 1985.

imported ASM. * * * said that the domestic price is now competitive with prices of imported ASM.

* * * alleged lost revenues on a sale of * * * pounds of ASM to * * * on * * *. * * * stated that it offered an initial quote of $* * * per cwt, but had to lower the price to $* * * in order to make the sale. * * * was able to verify these prices, but * * * was not able to state that the quote was reduced due to competition from United Kingdom imports. * * * said that, during the past 1-1/2 to 2 years, the domestic producers "have shown greater effort to be price competitive." * * * also stated that * * *.

* * * alleged lost revenues on a sale of * * * pounds of ASM to * * * on * * *, owing to price competition from imports from the United Kingdom. * * *, while not willing to confirm or deny this allegation, did state that * * * purchases from * * *, and that domestic producers have been meeting the

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importers' prices. * * * also stated that he does not want the domestic producers to win this case, since this will force prices higher.

* * * alleged lost revenues on a sale of * * * pounds of ASM to * * *, on * * *, owing to price competition from imports from the United Kingdom. * * * offered an initial quote of $* * * per cwt., and * * * accepted the sale at a quote of $* * * per cwt. * * *, a spokesman for * * *, was not able to confirm this allegation * * *. He did state that a sale was made at the $* * * per cwt price.

* * * alleged lost revenues on a sale of * * * pounds of ASM to * * * on * * *. * * * indicated that price competition from United Kingdom imports of ASM caused this loss of revenue. * * * did confirm the price figures quoted by * * *, but he was not able to confirm that the loss was caused by price competition from imports from the United Kingdom. * * * stated that U.S. producers' prices had been "consistently" increasing from 1982 to early 1985, but that recently they have shown a greater willingness to be price competitive. Although * * * has purchased from foreign producers in the past, as U.S. producers have become price competitive, * * *.

* * * alleged lost revenues on a sale of * * * pounds of ASM to * * * on * * *. * * *, president of the company, was able to confirm the initial quote of $* * * per cwt, and the accepted quote of $* * * per cwt. However, * * * was not able to state that the reduced quote was due to competition from U.K. imports; * * * believed that the competition was from Swedish or German imports. * * * also stated that * * *.

* * * alleged lost revenues on a sale of * * * pounds of ASM on * * * to * * *, owing to competition from imports from the United Kingdom. * * * was not able to verify this allegation since * * *.

* * * alleged lost revenues on a sale of * * * pounds of ASM on * * * to * * *, owing to competition from United Kingdom imports. * * * explained that * * * is * * * which was informed by its customers that it had to meet import price levels. * * * then asked its suppliers--* * *--to meet import prices. * * * lowered their prices sufficiently to retain * * *'s business, but * * * did not. * * * purchased about * * * pounds of ASM from * * * during 1984, but, as result of * * *, * * * has purchased no ASM from * * * in 1985.

* * * alleged lost revenues on a sale of * * * pounds of ASM to * * * on * * *, due to competition from imports from the United Kingdom. * * * was not able to verify this claim, but stated that U.S. producers have been able to retain market share by offering prices competitive with those of imported ASM.

Lost sales.--* * * alleged a lost sale of * * * pounds of ASM on * * * to * * *, because of competition from imports of ASM from the United Kingdom. * * * was not able to verify this allegation. He stated that they purchase ASM * * *. He added that * * *.

* * * alleged a lost sale of * * * pounds of ASM on * * * to * * *, due to competition from imports of ASM from the United Kingdom. * * * stated that his company is * * *, and when customers call to request a price quote, it is * * * which are quoted. He also stated that there is a lot of imported ASM on the market, but that * * * does not know if competitors' sales are made through a foreign producer.

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APPENDIX A

FEDERAL REGISTER NOTICE

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INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-286 (Preliminary)]

Anhydrous Sodium Metasilicate From the United Kingdom

AGENCY: International Trade Commission.

ACTION: Institution of a preliminary antidumping investigation and scheduling of a conference to be held in connection with the investigation.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-286 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the United Kingdom of anhydrous sodium metasilicate, provided for in item 421.34 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by October 31, 1985.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: September 16, 1985.

FOR FURTHER INFORMATION CONTACT: Dan Dwyer (202-523-4618), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on September 16, 1985 by PQ Corp., Valley Forge, PA.

Participation in the investigation.—Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than seven (7) days after publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on October 9, 1985 at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Dan Dwyer (202-523-4618) not later than October 7, 1985 to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written Submissions

Any person may submit to the Commission on or before October 11, 1985 a written statement of information pertinent to the subject of the investigation, as provided in § 207.15 of the Commission rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with section 201.8 of the rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

Authority

This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

By order of the Commission.

Issued: September 20, 1985.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-23685 Filed 10-1-85; 8:45 am]

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APPENDIX B

LIST OF WITNESSES APPEARING AT THE PUBLIC CONFERENCE

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CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Subject: Anhydrous Sodium Metasilicate from the United Kingdom

Inv. No.: 731-TA-286 (Preliminary)

Date and time: October 9, 1985, 9:30 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the petition:

Mandel, Resti, Pollack & Borakove
New York, NY
on behalf of

PQ Corporation

J. Stephen Hamilton, Business Group Manager, PQ Corp.
Jack I. Grams, Marketing Manager, PQ Corp.

Steven R. Sosnov)--OF COUNSEL

In opposition to the petition:

Arnold & Porter
Washington, DC
on behalf of

Joseph Crosfield & Son, Ltd.
Crosfield Chemicals, Inc.
Lidochem, Inc.

Daniel E. Bilicki, Vice President, Crosfield Chemicals, Inc.
Don Pucillo, President, Lidochem, Inc.

Richard A. Johnson)
Richard Wertheimer)--OF COUNSEL
Ellen Reisman)

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APPENDIX C

METHODOLOGY FOR ESTIMATING U.S. IMPORTS OF ANHYDROUS SODIUM METASILICATE

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Commission staff methodology

Total imports of anhydrous sodium metasilicate (ASM) are not reported separately in official statistics, but are included in aggregate data for all sodium silicates imported under TSUS item 421.34. In order to estimate total imports of ASM, the trade of all known importers under TSUS item 421.34 was analyzed. Using the Customs Net Import File and interviews with individual firms, it was estimated that 45 percent of imports under TSUS item 421.34 were ASM in fiscal year 1984, and 52 percent were ASM in fiscal year 1985. This estimate is subject to error resulting from (1) inability to contact firms accounting for approximately 9 percent of imports under TSUS item 421.34 in fiscal year 1984 and 8 percent in fiscal year 1985, (2) limited comparability of questionnaire data reported on a calendar year basis and Customs data reported on a fiscal year basis, and (3) errors in estimating made by firms that were contacted. Taking into account these possible errors, the share of total ASM imports under TSUS item 421.34 can be expressed as a range between which the above-described estimate falls (in percent):

	Fiscal year 1984	Fiscal year 1985
Low----------	35	44
Estimate----------	45	52
High----------	52	52

Petitioner's methodology

The petitioner estimated that imports of ASM accounted for 60 percent of total imports under TSUS item 421.34 (petition, app. II). To arrive at this estimate, the petitioner collected data for 1983 and 1984 on individual entries of sodium silicate products as reported by the Journal of Commerce's Port Import Export Reporting System (PIERS), an automated data base of import statistics compiled from ships' manifests. In its analysis, the petitioner counted as ASM any entry so described, or any entries described in more generic terms but which appeared to fit the characteristics of ASM imports. These figures were then compared to official statistics on imports under TSUS item 421.34 to calculate the share of total ASM imports. The petitioner's estimate is subject to error resulting from (1) inconsistent description of ASM imports and incorrect interpretation of those descriptions, (2) incomplete coverage of Journal of Commerce data (they include only imports shipped via oceangoing vessels), and (3) the use of gross weights of shipments (including packing materials and pallets) rather than net weights as used in official statistics. Net weight is approximately 10 percent less than gross weight for shipments of ASM. If the petitioner's estimate is corrected to use net rather than gross weights, then ASM imports accounted for approximately 54 percent of total imports under TSUS item 421.34.

Conclusion

The corrected version of the petitioner's estimate, at 54 percent, is close to the high end of the range estimated by using Customs data and firm interviews. Therefore, imports of ASM are estimated to be 54 percent of total imports under TSUS item 421.34. Thus, for purposes of calculating total imports of ASM from all countries, official statistics on TSUS item 421.34 are multiplied by 0.54.

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APPENDIX D

LETTER FROM PQ CORP.

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APPENDIX E

DATA ON PRODUCTION OF SODIUM METASILICATE PENTAHYDRATE

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Table E-1.--Sodium metasilicate pentahydrate: U.S. production, U.S. producers' domestic shipments, intracompany and intercompany transfers, exports, total shipments, and end-of-period inventories, 1982-84, January-August 1984, and January-August 1985

Item	1982	1983	1984	January-August--	
				1984	1985
U.S. production 1/					
1,000 pounds	94,930	93,406	88,283	40,023	39,055
Domestic shipments 1/					
1,000 pounds	97,076	93,361	88,946	38,753	37,832
Intracompany and intercompany transfers 2/					
1,000 pounds	***	***	***	***	***
Exports 1/---------do----	***	***	***	***	***
Total shipments					
1,000 pounds	***	***	***	***	***
Inventories 3/-----do----	2,700	3,722	2,768	5,106	3,332

1/ Data for 1982-84 include 4 firms accounting for 100 percent of U.S. production. Data for partial years include 3 firms accounting for * * * percent of 1984 production.

2/ Data for all periods include 4 firms accounting for 100 percent of U.S. production.

3/ Data for all periods include 3 firms accounting for * * * percent of 1984 U.S. production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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APPENDIX F

MARKET PENETRATION CALCULATED WITHOUT ADJUSTING FOR INVENTORIES OF IMPORTS

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Table F-1.--Anhydrous sodium metasilicate: Ratios of the quantity of imports 1/ and of domestic shipments of U.S. production to apparent U.S. consumption, calculated without adjusting for inventories of imports, by markets and selected sources, 1982-84, January-August 1984, and January-August 1985

(In percent)

Item	1982	1983	1984	January-August--	
				1984	1985
Commercial market:					
Imports from the United Kingdom	***	***	***	***	***
Total imports	0.6	2.4	5.0	5.2	9.8
Domestic shipments of U.S. production	99.4	97.6	95.0	94.8	90.2
Total	100.0	100.0	100.0	100.0	100.0
Captive market:					
Imports from the United Kingdom	***	***	***	***	***
Total imports	***	***	***	***	***
Domestic shipments of U.S. production	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Total:					
Imports from the United Kingdom	***	***	***	***	***
Total imports	***	***	***	***	***
Domestic shipments of U.S. production	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

1/ Data on total imports of anhydrous sodium metasilicate from all countries are estimated.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

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